

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7441

BILL NUMBER: HB 1277

DATE PREPARED: Jan 3, 2001

BILL AMENDED:

SUBJECT: Regulation of pet stores.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the regulation of pet stores. The bill defines "pet store". It prohibits a person from operating a pet store unless the person has been issued a license to operate a pet store. This bill also authorizes the Indiana State Board of Animal Health to administer and enforce this law. The bill allows the Board to investigate pet stores for compliance with this law. It states that a pet store operator must do the following: (1) Maintain sanitary conditions of the premises. (2) Insure proper ventilation. (3) Provide adequate nutrition for all animals under the pet store operator's control. (4) Provide humane care and treatment of all animals under the pet store operator's control. (5) Take reasonable care to prevent disease in animals that are released for sale, trade, or adoption. (6) Establish a relationship with a veterinarian to provide routine veterinary care and advice concerning the animals under the control of the pet store operator. The bill makes a license issued under this law valid for two years unless revoked. The bill also states the terms for renewal of a license. It authorizes the Board to use various enforcement measures to administer this law.

Effective Date: July 1, 2001.

Explanation of State Expenditures: There will be an increase in expenditures for the printing costs of applications and postage for the new license. The Indiana Board of Animal Health (AHB) should be able to absorb these expenditures within its current budget.

The bill would create the Pet Store Licensing Fund. The Fund is to be administered by the AHB. The expenses of administering the Fund are to be paid from money in the Fund. The Fund would consist of licensing fees and civil penalties. Money remaining in the Fund at the end of a State fiscal year would not revert to the General Fund. There may be a need for the AHB to employ additional staff for the administration of the Fund. The legislation specifies that the AHB may hire the necessary staff required for licensing and enforcement. As of August 2000, the AHB had 67 authorized full time staff members. One of these positions is vacant. The vacant position is classified as an animal health specialist.

If an additional clerical position (PAT 2) were necessary to administer the license and/or the Pet Store Licensing Fund, the position would be projected to cost \$30,663 during FY 2002. Adding an additional inspector position at a PAT 3 level would cost an additional \$27,121 in FY 2002.

Explanation of State Revenues: The proposal would require the costs of implementing, administering, and enforcing the pet store license to be covered by the fees collected. Based on U.S. Census data, approximately 165-170 pet stores exist in Indiana that are primarily engaged in the retail sale of pets, pet foods, and pet supplies. The fee for the license is set by the bill at \$200 for a cycle of two years before renewal. Licenses issued in the second year of a cycle would be \$100. Based on the estimated amount of pet stores in Indiana and assuming that these pet stores would all become licensed within the first year of the licensing cycle, an additional \$33,000 *could* be collected from pet store licensing.

The proposal also allows for civil and criminal penalties for violations of the proposal's provisions. The AHB may impose an administrative fine no greater than \$1,000 per violation. In FY 2000, the AHB assessed \$4,329 in fines. All fines collected under this provision would be deposited into the General Fund.

In FY 2000, the AHB generated \$43,782 in total revenue. All revenues collected from pet store licensure and civil penalties would be deposited into the Pet Store Licensing Fund.

The Office of the Attorney General or the AHB may file an action for an injunction to stop violators of the provisions from continuing operation.

A provision for knowingly and intentionally violating a rule of the AHB pertaining to the operation of a pet store under this proposal would commit a Class B misdemeanor.

If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Indiana Board of Animal Health, the Attorney General.

Local Agencies Affected: County Prosecutors, Trial courts, local law enforcement agencies.

Information Sources: Gary Haynes, Director Legal Affairs/Licensing, Indiana Board of Animal Health, (317) 227-0345; U.S. Bureau of Census.